

Pleasant Township

Marion County, Ohio

Regular Audit

January 1, 2004 Through December 31, 2005

Fiscal Years Audited Under GAGAS: 2005 & 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

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Mary Taylor, CPA
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Board of Trustees
Pleasant Township
1035 Owens Road West
Marion, Ohio 43302

We have reviewed the *Independent Auditor's Report* of Pleasant Township, Marion County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pleasant Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 3, 2007

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Pleasant Township
Marion County, Ohio
For the Years Ended December 31, 2005 and 2004
Table of Contents

Title	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets—Cash Basis For the Year Ended December 31, 2005	9
Statement of Net Assets—Cash Basis For the Year Ended December 31, 2004	10
Statement of Activities---Cash Basis For the Year Ended December 31, 2005	11
Statement of Activities---Cash Basis For the Year Ended December 31, 2004	12
Statement of Cash Basis Assets and Fund Balances For the Year Ended December 31, 2005	13
Statement of Cash Basis Assets and Fund Balances For the Year Ended December 31, 2004	14
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances—Governmental Funds—For the Year Ended December 31, 2005.....	15
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances—Governmental Funds—For the Year Ended December 31, 2004.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—General Fund For the Year Ended December 31, 2005	17
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—Gasoline Tax Fund For the Year Ended December 31, 2005	18
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—Fire & EMS Fund For the Year Ended December 31, 2005	19
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—General Fund For the Year Ended December 31, 2004	20
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis— Motor Vehicle License Tax Fund For the Year Ended December 31, 2004	21

Pleasant Township
Marion County, Ohio
For the Years Ended December 31, 2005 and 2004
Table of Contents (Continued)

Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis— Gasoline Tax Fund For the Year Ended December 31, 2004	22
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis— Road & Bridge Fund For the Year Ended December 31, 2004	23
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis— Cemetery Fund For the Year Ended December 31, 2004	24
Notes to the Financial Statements	25
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	37
Schedule of Prior Audit Findings	38

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Pleasant Township
Marion County, Ohio
1035 Owens Road West
Marion, Ohio 43302

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Township, Marion County, Ohio as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Fire and EMS Funds, and as of December 31, 2004 the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Gasoline Tax, Fire and EMS, and Motor Vehicle License Tax Funds thereof for the years then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis at pages 3-8 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed further in Note 5, for the years ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Township also implemented Governmental Accounting Standards Board Statement No. 38 – *Certain Additional Note Disclosures*, and GASB Statement No. 40 – *Deposits and Investment risk disclosures*.



Balestra, Harr & Scherer, CPAs, Inc.

October 12, 2006

Pleasant Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of the Township financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's Cash Basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$71,254. The fund most affected by the decrease in cash and cash equivalents was the Miscellaneous Capital Project Fund, which saw the greatest increase in capital outlay in 2005.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 14 percent and 33 percent, respectively, of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed. However, General Fund intergovernmental revenue receipts were up \$145,967 due to receipts from estate taxes being unusually substantial, 17 percent of total revenues.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's Cash Basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a Cash Basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's Cash Basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Pleasant Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

Basis of Accounting (continued)

As a result of using the Cash Basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the Cash Basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of Cash Basis accounting. The statement of net assets presents the cash balances and investments of the governmental and activities of the Township at years end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the Cash Basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and gasoline taxes.

In the statement of net assets and the statement of activities, we divide the Township into one type of activities:

Governmental activities. Most of the Township's basic services are reported here. State and federal grants and property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are all governmental funds.

Governmental Funds – Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns.

Pleasant Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2005 and 2004, the Township's major governmental funds are the General Fund, Gasoline, Fire & EMS and Miscellaneous Capital Project Funds and General, Motor Vehicle License, Gasoline, Fire & EMS and Miscellaneous Capital Project Funds, respectively. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

Table 1 provides a summary of the Government's net assets for 2005 compared to 2004 on a Cash Basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	832,414	903,668
Total Assets	832,414	903,668
Net Assets		
Restricted for:		
Capital Projects	55,075	231,947
Other Purposes	186,458	162,094
Unrestricted	590,881	509,627
Total Net Assets	\$832,414	\$903,668

As mentioned previously, net assets of governmental activities decreased \$ 71,254 or 8 percent during 2005. The primary reasons contributing to the decrease in cash balances was a down payment of \$143,394 for a purchase of a fire truck.

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Government did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Pleasant Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

(Table 2)
Changes in Net Assets
(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$27,163	\$27,448
Operating Grants and Contributions	116,442	100,094
Capital Grants and Contributions	0	0
Total Program Receipts	<u>143,605</u>	<u>127,542</u>
General Receipts:		
Property and Other Local Taxes	81,697	76,504
Other Purposes	126,048	121,805
Grants and Entitlements Not Restricted to Specific Programs	193,372	63,753
Earnings on Investments	21,864	11,600
Sale of Fixed Assets	1,106	11,638
Miscellaneous Receipts	17,148	13,635
Total General Receipts	<u>441,235</u>	<u>298,935</u>
Total Receipts	<u>584,840</u>	<u>426,477</u>
Disbursements:		
General Government	175,241	147,314
Public Safety	92,924	101,009
Public Works	114,026	155,358
Health	17,646	9,637
Conservation - Recreation	52,873	28,895
Capital Outlay	203,384	52,829
Total Disbursements	<u>656,094</u>	<u>495,042</u>
Excess (Deficiency) Before Transfers	(71,254)	(68,565)
Transfers	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	(71,254)	(68,565)
Net Assets, January 1, 2005 & 2004	<u>903,668</u>	<u>972,233</u>
Net Assets, December 31, 2005 & 2004	<u>\$832,414</u>	<u>\$903,668</u>

Program receipts represent only 25 percent of total receipt in 2005 and 31 percent in 2004 are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax, and fire & ems money.

General receipts represent 76 percent of the Township's total receipts in 2005 and 72 percent of the Township's total receipts for 2004, and of this amount, 36 percent are local taxes in 2005 and 48 percent are local taxes in 2004. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, Fiscal Officer, and Volunteer Fire Department as well as internal services such as payroll and purchasing. Since

Pleasant Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

these costs do not represent direct services to residents, we try to limit these costs to 30% of General Fund unrestricted receipts and 15% Gasoline Tax restricted receipts.

Public Health Services is the Township Cemeteries; Conservation-recreation are the costs of maintaining the parks and playing fields.

Governmental Activities

If you look at the Statement of Activities page you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and capital outlay, which account for 27 percent and 31 percent of all governmental disbursements, respectively for 2005 and public works and general government, which account for 31 percent and 30 percent of all governmental disbursements, respectively for 2004. The next four columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost of Service 2004	Net Costs of Services 2004
General Government	\$175,241	\$122,937	147,314	95,542
Public Safety	92,924	92,924	101,009	101,009
Public Works	114,026	24,025	155,358	80,038
Health	17,646	16,346	9,637	9,187
Conservation-Recreation	52,873	52,873	28,895	28,895
Capital Outlay	203,384	203,384	52,829	52,829
Total Expenses	\$656,094	\$512,489	495,042	367,500

The dependence upon property tax receipts is apparent as over 41 percent for 2005 and 54 percent for 2004 of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$584,840 in 2005 and \$ 426,477 in 2004 and disbursements of \$656,094 in 2005 and \$495,042 in 2004. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund had an increase as the result of an one time estate tax money of \$109,996 in 2005.

Pleasant Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005 and 2004
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements for 2005 were budgeted at \$466,900 while actual disbursements were \$ 235,282 and in 2004 final disbursements were budgeted at \$689,900 while actual disbursements were \$195,253 as a result of the Township keeping spending very close to budget amounts.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marilyn Hale, Fiscal Officer, 1035 Owens Road West, Marion, Ohio 43302.

Pleasant Township, Marion County
Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$832,414</u>
<i>Total Assets</i>	<u><u>\$832,414</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$55,075
Other Purposes	186,458
Unrestricted	<u>590,881</u>
<i>Total Net Assets</i>	<u><u>\$832,414</u></u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County

Statement of Net Assets - Cash Basis

December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$903,668</u>
<i>Total Assets</i>	<u><u>\$903,668</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$231,947
Other Puposes	162,094
Unrestricted	<u>509,627</u>
<i>Total Net Assets</i>	<u><u>\$903,668</u></u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services & Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$175,241	\$25,863	\$26,441	(\$122,937)
Public Safety	92,924	-	-	(92,924)
Public Works	114,026	-	90,001	(24,025)
Health	17,646	1,300	-	(16,346)
Conservation-Recreation	52,873	-	-	(52,873)
Capital Outlay	203,384	-	-	(203,384)
<i>Total Governmental Activities</i>	<u>656,094</u>	<u>27,163</u>	<u>116,442</u>	<u>(512,489)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				81,697
Other Purposes				126,048
Grants and Entitlements not Restricted to Specific Programs				193,372
Sale of Capital Assets				1,106
Earnings on Investments				21,864
Miscellaneous				17,148
<i>Total General Receipts</i>				<u>441,235</u>
Change in Net Assets				(71,254)
<i>Net Assets Beginning of Year</i>				<u>903,668</u>
<i>Net Assets End of Year</i>				<u><u>\$832,414</u></u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services & Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities				
General Government	\$147,314	\$26,998	\$24,774	(\$95,542)
Public Safety	101,009	-	-	(101,009)
Public Works	155,358	-	75,320	(80,038)
Health	9,637	450	-	(9,187)
Conservation-Recreation	28,895	-	-	(28,895)
Capital Outlay	52,829	-	-	(52,829)
<i>Total Governmental Activities</i>	<u>495,042</u>	<u>27,448</u>	<u>100,094</u>	<u>(367,500)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				76,504
Other Purposes				121,805
Grants and Entitlements not Restricted to Specific Programs				63,753
Earnings on Investments				11,600
Sale of Capital Assets				11,638
Miscellaneous				13,635
<i>Total General Receipts</i>				298,935
Change in Net Assets				(68,565)
<i>Net Assets Beginning of Year</i>				<u>972,233</u>
<i>Net Assets End of Year</i>				<u>\$903,668</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Gasoline Tax	Fire & EMS	Misc Capital Project	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$590,881	\$32,852	\$32,484	\$55,075	\$121,122	\$832,414
<i>Total Assets</i>	<u>590,881</u>	<u>32,852</u>	<u>32,484</u>	<u>55,075</u>	<u>121,122</u>	<u>832,414</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	590,881	-	-	-	-	590,881
Special Revenue Funds	-	32,852	32,484	-	121,122	186,458
Capital Projects Funds	-	-	-	55,075	-	55,075
<i>Total Fund Balances</i>	<u>590,881</u>	<u>32,852</u>	<u>32,484</u>	<u>55,075</u>	<u>121,122</u>	<u>832,414</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	Motor Vehicle Lic. Tax	Gasoline Tax	Fire & EMS	Misc Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$509,627	\$31,493	\$29,026	\$17,361	\$231,947	\$84,214	\$903,668
<i>Total Assets</i>	<u>509,627</u>	<u>31,493</u>	<u>29,026</u>	<u>17,361</u>	<u>231,947</u>	<u>84,214</u>	<u>903,668</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	509,627	-	-	-	-	-	509,627
Special Revenue Funds	-	31,493	29,026	17,361	-	84,214	162,094
Capital Projects Funds	-	-	-	-	231,947	-	231,947
<i>Total Fund Balances</i>	<u>\$509,627</u>	<u>\$31,493</u>	<u>\$29,026</u>	<u>\$17,361</u>	<u>\$231,947</u>	<u>\$84,214</u>	<u>\$903,668</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax Fund	Fire & EMS	Misc Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$81,697	\$ -	\$109,778	\$ -	\$ 16,270	\$207,745
Licenses, Permits and Fees	14,140	-	-	-	13,023	\$27,163
Intergovernmental	196,556	80,691	21,171	-	11,396	\$309,814
Earnings on Investments	20,257	929	-	-	678	\$21,864
Miscellaneous	3,886	-	2,878	-	10,384	\$17,148
<i>Total Receipts</i>	<u>316,536</u>	<u>81,620</u>	<u>133,827</u>	<u>-</u>	<u>51,751</u>	<u>583,734</u>
Disbursements						
Current:						
General Government	164,031	-	-	-	11,210	175,241
Public Safety	732	-	92,192	-	-	92,924
Public Works	-	77,794	-	-	36,232	114,026
Health	17,646	-	-	-	-	17,646
Conservation-Recreation	52,873	-	-	-	-	52,873
Capital Outlay	-	-	1,512	201,872	-	203,384
<i>Total Disbursements</i>	<u>235,282</u>	<u>77,794</u>	<u>93,704</u>	<u>201,872</u>	<u>47,442</u>	<u>656,094</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>81,254</u>	<u>3,826</u>	<u>40,123</u>	<u>(201,872)</u>	<u>4,309</u>	<u>(72,360)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	-	-	-	-	1,106	1,106
Transfers In	-	-	-	25,000	1,330	26,330
Transfers Out	-	-	(25,000)	-	(1,330)	(26,330)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>25,000</u>	<u>1,106</u>	<u>1,106</u>
<i>Net Change in Fund Balances</i>	<u>81,254</u>	<u>3,826</u>	<u>15,123</u>	<u>(176,872)</u>	<u>5,415</u>	<u>(71,254)</u>
<i>Fund Balances Beginning of Year</i>	<u>509,627</u>	<u>29,026</u>	<u>17,361</u>	<u>231,947</u>	<u>115,707</u>	<u>903,668</u>
<i>Fund Balances End of Year</i>	<u>\$590,881</u>	<u>\$32,852</u>	<u>\$32,484</u>	<u>\$55,075</u>	<u>121,122</u>	<u>\$832,414</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Motor Vehicle License Tax Fund	Gasoline Tax Fund	Fire & EMS	Misc Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$76,504	\$ -	\$ -	\$106,510	\$ -	\$ 15,295	\$198,309
Licenses, Permits and Fees	11,113	-	-	-	-	16,335	\$27,448
Intergovernmenta	67,575	8,093	67,226	19,035	-	1,918	\$163,847
Earnings on Investments	10,580	638	382	-	-	-	\$11,600
Miscellaneous	5,125	5,191	-	3,319	-	-	\$13,635
<i>Total Receipts</i>	<u>170,897</u>	<u>13,922</u>	<u>67,608</u>	<u>128,864</u>	<u>-</u>	<u>33,548</u>	<u>414,839</u>
Disbursements							
Current:							
General Government	134,172	-	-	-	-	13,142	147,314
Public Safety	379	-	-	100,630	-	-	101,009
Public Works	-	24,171	87,569	-	-	43,618	155,358
Health	9,637	-	-	-	-	-	9,637
Conservation-Recreation	28,895	-	-	-	-	-	28,895
Capital Outlay	22,170	30,659	-	-	-	-	52,829
<i>Total Disbursements</i>	<u>195,253</u>	<u>54,830</u>	<u>87,569</u>	<u>100,630</u>	<u>-</u>	<u>56,760</u>	<u>495,042</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,356)</u>	<u>(40,908)</u>	<u>(19,961)</u>	<u>28,234</u>	<u>-</u>	<u>(23,212)</u>	<u>(80,203)</u>
Other Financing Sources (Uses)							
Sale of Capital Assets	-	11,638	-	-	-	-	11,638
Transfers In	-	-	-	-	29,000	-	29,000
Transfers Out	-	-	-	(29,000)	-	-	(29,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>11,638</u>	<u>-</u>	<u>(29,000)</u>	<u>29,000</u>	<u>-</u>	<u>11,638</u>
<i>Net Change in Fund Balances</i>	<u>(24,356)</u>	<u>(29,270)</u>	<u>(19,961)</u>	<u>(766)</u>	<u>29,000</u>	<u>(23,212)</u>	<u>(68,565)</u>
<i>Fund Balances Beginning of Year</i>	<u>533,983</u>	<u>60,763</u>	<u>48,987</u>	<u>18,127</u>	<u>202,947</u>	<u>107,426</u>	<u>972,233</u>
<i>Fund Balances End of Year</i>	<u>\$509,627</u>	<u>\$31,493</u>	<u>\$29,026</u>	<u>\$17,361</u>	<u>\$231,947</u>	<u>84,214</u>	<u>\$903,668</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 78,709	\$ 78,709	\$ 81,697	\$ 2,988
Licenses, Permits & Fees	1	1	14,140	14,139
Intergovernmental	87,551	87,551	196,556	109,005
Special Assessments	1	1	-	(1)
Earnings on Investments	10,000	10,000	20,257	10,257
Miscellaneous	10,001	10,001	3,886	(6,115)
<i>Total receipts</i>	<u>186,263</u>	<u>186,263</u>	<u>316,536</u>	<u>130,273</u>
Disbursements				
Current:				
General Government	228,850	268,850	164,031	104,819
Public Safety	5,000	5,000	732	4,268
Health	30,500	30,500	17,646	12,854
Conservation-Recreation	93,050	93,050	52,873	40,177
Capital Outlay	69,500	69,500	-	69,500
<i>Total Disbursements</i>	<u>426,900</u>	<u>466,900</u>	<u>235,282</u>	<u>231,618</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(240,637)</u>	<u>(280,637)</u>	<u>81,254</u>	<u>361,891</u>
Other Financing Sources (Uses)				
Advances Out	(249,000)	-	-	-
Other Financing Sources	1	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(248,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(489,636)</u>	<u>(280,637)</u>	<u>81,254</u>	<u>361,891</u>
<i>Fund Balance Beginning of Year</i>	<u>509,627</u>	<u>509,627</u>	<u>509,627</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 19,991</u>	<u>\$ 228,990</u>	<u>\$ 590,881</u>	<u>361,891</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 80,691	\$ 5,691
Earnings on Investments	500	500	929	429
<i>Total receipts</i>	<u>75,500</u>	<u>75,500</u>	<u>81,620</u>	<u>6,120</u>
Disbursements				
Current:				
Public Works	89,526	89,526	77,794	11,732
Capital Outlay	15,000	15,000	-	15,000
<i>Total Disbursements</i>	<u>104,526</u>	<u>104,526</u>	<u>77,794</u>	<u>26,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,026)</u>	<u>(29,026)</u>	<u>3,826</u>	<u>32,852</u>
<i>Net Change in Fund Balance</i>	(29,026)	(29,026)	3,826	32,852
<i>Fund Balance Beginning of Year</i>	<u>29,026</u>	<u>29,026</u>	<u>29,026</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,852</u>	<u>\$ 32,852</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire & EMS Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 103,997	\$ 103,997	\$ 109,778	\$ 5,781
Intergovernmental	12,001	12,001	21,171	9,170
Miscellaneous	-	-	2,878	2,878
<i>Total receipts</i>	<u>115,998</u>	<u>115,998</u>	<u>133,827</u>	<u>17,829</u>
Disbursements				
Current:				
Public Safety	106,559	106,559	92,192	14,367
Capital Outlay	1,800	1,800	1,512	288
<i>Total Disbursements</i>	<u>108,359</u>	<u>108,359</u>	<u>93,704</u>	<u>14,655</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,639</u>	<u>7,639</u>	<u>40,123</u>	<u>32,484</u>
Other Financing Sources (Uses)				
Transfers Out	(25,000)	(25,000)	(25,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(17,361)	(17,361)	15,123	32,484
<i>Fund Balance Beginning of Year</i>	<u>17,361</u>	<u>17,361</u>	<u>17,361</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,484</u>	<u>\$ 32,484</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 42,875	\$ 74,872	\$ 76,504	\$ 1,632
Licenses, Permits & Fees	1	1	11,113	11,112
Intergovernmental	79,039	170,541	67,575	(102,966)
Special Assessments	-	-	-	-
Earnings on Investments	10,000	10,000	10,580	580
Miscellaneous	10,001	10,001	5,125	(4,876)
<i>Total receipts</i>	<u>141,916</u>	<u>265,415</u>	<u>170,897</u>	<u>(94,518)</u>
Disbursements				
Current:				
General Government	410,730	450,730	134,172	316,558
Public Safety	30,000	30,000	379	29,621
Health	29,000	29,000	9,637	19,363
Conservation-Recreation	45,000	45,000	28,895	16,105
Capital Outlay	135,170	135,170	22,170	113,000
<i>Total Disbursements</i>	<u>649,900</u>	<u>689,900</u>	<u>195,253</u>	<u>494,647</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(507,984)</u>	<u>(424,485)</u>	<u>(24,356)</u>	<u>400,129</u>
Other Financing Sources (Uses)				
Other Financing Sources	1	1	-	1
Other Financing Uses	(26,000)	(26,000)	-	26,000
<i>Total Other Financing Sources (Uses)</i>	<u>(25,999)</u>	<u>(25,999)</u>	<u>-</u>	<u>25,999</u>
<i>Net Change in Fund Balance</i>	(533,983)	(450,484)	(24,356)	426,128
<i>Fund Balance Beginning of Year</i>	<u>533,983</u>	<u>533,983</u>	<u>533,983</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 83,499</u>	<u>\$ 509,627</u>	<u>\$ 426,128</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 8,300	\$ 8,300	\$ 8,093	\$ (207)
Special Assessments	800	800	-	(800)
Earnings on Investments	1	1	638	637
Miscellaneous	-	-	5,191	5,191
<i>Total receipts</i>	<u>9,101</u>	<u>9,101</u>	<u>13,922</u>	<u>4,821</u>
Disbursements				
Current:				
Public Works	39,205	39,205	24,171	15,034
Capital Outlay	30,659	30,659	30,659	-
<i>Total Disbursements</i>	<u>69,864</u>	<u>69,864</u>	<u>54,830</u>	<u>15,034</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(60,763)</u>	<u>(60,763)</u>	<u>(40,908)</u>	<u>19,855</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	11,638	11,638
<i>Net Change in Fund Balance</i>	(60,763)	(60,763)	(29,270)	31,493
<i>Fund Balance Beginning of Year</i>	<u>60,763</u>	<u>60,763</u>	<u>60,763</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,493</u>	<u>\$ 31,493</u>

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 62,700	\$ 62,700	\$ 67,226	\$ 4,526
Earnings on Investments	700	700	382	(318)
<i>Total receipts</i>	63,400	63,400	67,608	4,208
Disbursements				
Current:				
Public Works	112,387	112,387	87,569	24,818
<i>Total Disbursements</i>	112,387	112,387	87,569	24,818
<i>Excess of Receipts Over (Under) Disbursements</i>	(48,987)	(48,987)	(19,961)	29,026
<i>Net Change in Fund Balance</i>	(48,987)	(48,987)	(19,961)	29,026
<i>Fund Balance Beginning of Year</i>	48,987	48,987	48,987	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 29,026	\$ 29,026

See accompanying notes to the basic financial statements

Pleasant Township, Marion County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire & EMS Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 101,792	\$ 101,792	\$ 106,510	\$ 4,718
Intergovernmental	19,400	19,400	19,035	(365)
Miscellaneous	1	1	3,319	3,318
<i>Total receipts</i>	121,193	121,193	128,864	7,671
Disbursements				
Current:				
Public Safety	110,320	110,320	100,630	9,690
<i>Total Disbursements</i>	110,320	110,320	100,630	9,690
<i>Excess of Receipts Over (Under) Disbursements</i>	10,873	10,873	28,234	17,361
Other Financing Sources (Uses)				
Transfer Out	(29,000)	(29,000)	(29,000)	-
<i>Net Change in Fund Balance</i>	(18,127)	(18,127)	(766)	17,361
<i>Fund Balance Beginning of Year</i>	18,127	18,127	18,127	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 17,361	\$ 17,361

See accompanying notes to the basic financial statements

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Reporting Entity

The Pleasant Township, Marion County, Ohio (the Township), is a body politic and corporate established in 1824 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The Township participates in Ohio Township Association Risk Management Pool (OTARMA), Note 6 to the financial statements provides additional information regarding OTARMA. The Township also contracts with Stofcheck Ambulance Service, Inc to provide ambulance service for the local community.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with Fort Morrow Fire District for fire protection. Police protection is provided by the Marion County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. There are no component units within the Township.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are recorded by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program receipts, are presented as general receipts of the Township, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the Township.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. Funds of the Township are classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund (for 2004 only), Gasoline Tax Fund, Fire & EMS Fund and Miscellaneous Capital Project Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 2 – Summary of Significant Accounting Policies (Continued)

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for constructing, maintaining, and repairing township streets.

Gasoline Tax – This fund accounts for gasoline tax receipts and their use as they pertain to the Township's roads.

Fire & EMS Fund – This fund receives property tax money provided by a levy voted by the people for fire and ems services and monies to purchase equipment.

Miscellaneous Capital Project Fund – This fund receives monies from other funds to purchase new equipment and for repairs and maintenance of township assets.

Other governmental funds of the Township are used to account for taxes and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township Board of Trustees may appropriate.

The appropriations resolution is the Township's Board of Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township Board of Trustees. The legal level of control has been established at the fund and function in prior year.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township Board of Trustees.

Note 2 – Summary of Significant Accounting Policies (Continued)

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township Board of Trustees during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2004, the Township had invested in STAROhio.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the state to pool their funds as an investment company, but does not operate in a manner consistent with the Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2005 and 2004.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 and 2004 were \$20,257 and \$10,580 of which includes \$1,606 and \$1,020 assigned from other Township funds respectively.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Motor Vehicle License Tax, Gasoline Tax, Fire & EMS, and Miscellaneous Capital Projects.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances. There were no outstanding encumbrances at December 31, 2005 and 2004.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

O. Extraordinary and Special Items

(Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. There were no such activities for the year.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In the prior audit, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major Special Revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Since encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year there is essentially no difference between cash and budget basis reporting.

Note 5 – Accountability and Compliance

For fiscal year 2005, the Township has implemented GASB Statement No. 40, “Deposits and Investment Risk Disclosures” and GASB Statement No. 38 “Certain Financial Statement Note Disclosures”.

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

The implementation of GASB Statement No. 38 and 40 did not have an effect on the financial statements of the Township.

Note 6 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 6 – Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 6 – Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, \$75,898 of the Township's bank balance of \$175,898 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name, while \$100,000 was covered by Federal Deposit Insurance Corporation

At December 31, 2004, \$19,518 of the Township's bank balance of \$119,518 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name, while \$100,000 was covered by Federal Deposit Insurance Corporation

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, the City had the following investments:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
STAROhio, December 31, 2005	\$ 665,824	\$ 665,824	\$ -
STAROhio, December 31, 2004	\$ 821,831	\$ 821,831	\$ -

Interest Rate Risk – State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – STAROhio carries a rating of AAAM by Standards and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer. More than 5 percent of the Township's investments are in STAROhio. This investment is 100 percent of the Township's total investments.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 7 - Property Taxes (continued)

established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property,	
Residential	\$69,519,220
Agriculture	6,370,390
Commercial/Industrial/Mineral	5,063,260
Public Utility Property	157,540
Personal	5,248,560
Tangible Personal Property	1,660,690
Total Assessed Value	\$88,019,660

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with the Pleasant Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Pleasant Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	Per Occurrence
Wrongful Acts	\$2,000,000	Per Occurrence

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 8 – Risk Management (continued)

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Note 9– Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005 the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005 2004 and 2003 were \$8,286, \$7,401, and \$6,695 respectively; these contributions were sufficient to fulfill the requirements.

Note 10- Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 10- Postemployment Benefits (continued)

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, “Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers”. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases.

Health care premiums were assumed to increase 4.00% annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$82,307. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Pleasant Township
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 10- Postemployment Benefits (continued)

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

Note 11 – Transfers

The Township transferred funds from the Fire and EMS Fund to the Miscellaneous Capital Project Fund for the purchase of a fire truck and equipment. The amount of the transfer for 2005 and 2004 were \$25,000 and \$29,000 respectively. The Township also transferred \$1,330 from the Motor Vehicle License Tax Fund to the FEMA Fund for reimbursement in 2005.

Note 12 – Subsequent Events

The Township purchased a fire truck on May 15, 2005 in the amount of 446,207.51 from Crimson Fire, Inc. The Township made an initial down-payment of \$143,394 on April 19, 2005 and acquired a loan on the amount of \$140,000 from Ross, Sinclair & Associates on May 1, 2006. The Township paid the \$140,000 towards the fire tuck and will pay the balance of the truck from the Fire and EMS Fund in 2006.

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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Pleasant Township
Marion County, Ohio
1035 Owens Road West
Mario, OH 43302

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information of Pleasant Township, Marion County, Ohio (the "Township") as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's financial statements and have issued our report thereon dated October 12, 2006 wherein we noted the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We also noted that the Township implemented GASB Statements No. 38 and 40. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*

Pleasant Township
Marion County

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards
Page 2

This report is intended solely for the information and use of the management and the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

October 12, 2006

**PLEASANT TOWNSHIP
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Noncompliance of Ohio Rev. Code Section 5705.41(D)	Yes	



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PLEASANT TOWNSHIP

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2007**